



## **Notice of the FDIC's Response to Exception Requests Pursuant to Recordkeeping for Timely Deposit Insurance Determination**

**AGENCY:** Federal Deposit Insurance Corporation (FDIC).

**ACTION:** Notice of the FDIC's response to exception requests pursuant to the Recordkeeping for Timely Deposit Insurance Determination rule.

**SUMMARY:** In accordance with its rule regarding recordkeeping for timely deposit insurance determination, the FDIC is providing notice that it has granted time-limited exception relief to two covered institutions from the information technology system and recordkeeping requirements applicable to deposits reflected on loan systems, including deposits resulting from credit balances on an account for debt owed to the covered institution and deposits held in escrow by a covered institution. The two covered institutions are in the process of converting or upgrading their loan systems.

**DATES:** The FDIC's grant of exception relief is effective as of September 14, 2021.

**FOR FURTHER INFORMATION CONTACT:** Cassandra Knighton, Acting Section Chief, Division of Complex Institution Supervision and Resolution; [CKnighton@FDIC.gov](mailto:CKnighton@FDIC.gov); 972-761-2802.

**SUPPLEMENTARY INFORMATION:** The FDIC granted a time-limited exception request to two covered institutions pursuant to the FDIC's rule entitled "Recordkeeping for Timely Deposit Insurance Determination," codified at 12 CFR part 370 (part 370).<sup>1</sup> Part 370 generally requires covered institutions to implement the information technology system and recordkeeping capabilities needed to quickly calculate the amount of deposit insurance coverage available for each deposit account in the event of failure. Pursuant to § 370.8(b)(1), one or more covered institutions may submit a request in the form of a

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<sup>1</sup> 12 CFR part 370.

letter to the FDIC for an exception from one or more of the requirements of part 370 if circumstances exist that would make it impracticable or overly burdensome to meet those requirements. Pursuant to § 370.8(b)(2), the FDIC publishes a notice of its response to each exception request in the *Federal Register*. Pursuant to § 370.8(b)(3), a covered institution may rely upon another covered institution's exception request which the FDIC has previously granted by notifying the FDIC that it will invoke relief from certain part 370 requirements and demonstrating that the covered institution has substantially similar facts and circumstances to those of the covered institution that has already received the FDIC's approval. The notification letter must also include the information required under § 370.8(b)(1) and cite the applicable notice published pursuant to § 370.8(b)(2). Unless informed otherwise by the FDIC within 120 days after the FDIC's receipt of a complete notification for exception, the exception will be deemed granted subject to the same conditions set forth in the FDIC's published notice.

These grants of relief will be subject to ongoing FDIC review, analysis, and verification during the FDIC's routine part 370 compliance tests. The FDIC presumes each covered institution is meeting all the requirements set forth in the Rule unless relief has otherwise been granted. These grants of relief may be rescinded or modified upon: discovery of misrepresentation; material change of circumstances or conditions related to the subject accounts; or failure to satisfy conditions applicable to each. The following exceptions were granted by the FDIC as of September 14, 2021.

**I. Certain Deposits Reflected on Loan Systems for Which the Covered Institutions Is Not Capable of Completing Deposit Insurance Calculation Process Because Additional Time Is Required for System Upgrades or Conversions.**

The FDIC granted time-limited exception relief from part 370's information technology system requirements set forth in § 370.3 and recordkeeping requirements set

forth in § 370.4 applicable to deposits reflected on loan systems, including deposits resulting from credit balances on an account for debt owed to the covered institution and deposits held in escrow by the covered institution. Such relief was granted to two covered institutions for up to 18 months after their compliance date. One covered institution requested exception relief from the recordkeeping requirements because it has multiple lending systems in need of recordkeeping upgrades and technical coding fixes without which it cannot produce the requisite data within the timeframe and in the format required by § 370.4(d). The covered institution requested exception relief in order to complete its IT solution to integrate data into its part 370 calculation system and perform relevant testing. The other covered institution requested exception relief from the information technology system and recordkeeping requirements because it requires additional time to complete the conversion of its commercial loan servicing platform and make system upgrades. The FDIC granted both covered institutions a time-limited exception for up to 18 months from their respective compliance dates.

In connection with the FDIC's grants of relief, these covered institutions represented that they will maintain the capability to place holds on the deposit accounts subject to the exception in the event of failure until deposit insurance can be calculated using data manually extracted from the current loan systems. As conditions of relief, these covered institutions must submit a status report to *part370@fdic.gov* at the midpoint of the exception relief period and immediately bring to the FDIC's attention any change of circumstances or conditions.

Federal Deposit Insurance Corporation.

Dated at Washington, DC, on September 14, 2021.

**James P. Sheesley,**

*Assistant Executive Secretary.*

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